

**Union Square Civic Advisory Committee (CAC)**  
**Meeting Notes – 6/23/14 at 6 p.m.**  
**Capuano School**

1. **Introduction**, meeting format  
CAC Co-Chair Wig Zamore welcomes the CAC and provides an overview of the meeting for this evening. The meeting will include time for public comment at the beginning and end.
2. **Public Material**: CAC Co-Chair Anne Tate, who was absent, provided comments about subject areas for discussion that were passed out to the CAC members and the public.
3. **Public Comment**
  - a. None
4. **Discussion**:

CAC Co-Chair, Wig Zamore, addressed the CAC members with a request to characterize all four of the developers and to finish their comments to be able to present a decision to the Somerville Redevelopment Authority (SRA). The primary focus was on the top two developers, which were Gerding Edlen and Magellan (also known as US2). It was conceived that Gerding Edlen was far ahead of US2, Abbey group came in as third and FRIT came in as fourth. No one had anything bad to say about FRIT but concern was expressed that FRIT already has a big development in Somerville and it was felt it would be good to have some variety in Union Square. There was less confidence in FRIT in a mixed area of new and old and small- and large- scale. Relative to the new area of Assembly Square and Assembly Row. Wig stated they saw a better mix in Bethesda versus Assembly and Santana Row.

The CAC wanted to make sure that any comments presented by the group will be clearly indicated in the report to the SRA. The CAC has a lot of confidence in the City's Comprehensive Plan and the allocation of the land uses in the comprehensive plan. The primary goal of the City is to get a long-term balance of local workforce and local jobs making sure we focus on job creation. It was noted that the City has been largely residential with some retail in the last 4 years. Most people have had to leave town for work, which in turn decreases the City's commercial tax base for potentially generating free cash flow for local services, schools, parks and public safety.

**Discussion w/ Q&A:**

Q: Do you know what the process is going to be in creating this agreement?

A: Edward O' Donnell, Director of Economic Development, explains that this is unlike any other process that any city has done before. It is the largest project in our history. Assembly Row happened because FRIT bought the land. The City anticipates that there will be some type of designation by the SRA, which will be tied to performance and timetables. One of those things they expect is the execution of some type of benefit agreement. Language would also include traffic and infrastructure, design, open space, etc. We would look for the CAC to be the City's advisory committee as they negotiate that.

Wig: Making sure that the master developer are constrained to have a certain percentage or more of their total development to focus on real upper story job creation, offices, research and development, maker space, etc. CAC as a whole agreed that they don't want it to be so loose that it allows the developer to not deliver what the City needs.

Q: Is this the same as the land disposition agreement?

A: Edward O' Donnell explains that it is actually a different agreement. The land disposition agreement will be the business terms by which the individual parcels will be conveying, at least the ones that the city owns. That will be the agreement by which those individual blocks will be transferred to the developer. There will be specific agreements for each of the blocks but the agreement with the master developer including the benefits that ensue would encompass all 7 parcels. One of the designation for the developer agreement will have memorialized x amount of commercial spaces or y amount of residential.

Wig made clear that he needs the characteristics of individual finalists as requested by the City. He also needs a sense of the body's direction to understand the strength of support for each of the developers.

Susan: Since we already have great notes from the last meeting where people had particular questions, should we group our comments into categories so we have similar things for all 4 candidates?

WIG: We can list the themes but I do not want to limit them to what Anne had suggested.

Rebecca: Would it make sense to start with the due diligence list?

CAC: Yes

**Characteristics:**

Financing  
Buy/Hold Strategy  
Union Labor  
Experience with Infrastructure  
Small/Local Bids  
Approach to job creation  
Experience with in-fill/Historic Preservation  
1<sup>st</sup> 100 days  
Transportation  
Appropriate Experience  
Sustainability  
Affordability  
Experience as a team  
Core Competency/Product Type  
Experience to diversity  
Housing  
Values of Place  
Commercial Development

The CAC narrowed it down to **4 characteristics:**

1. Core Competency/Product Type/Experience/Sustainability/Design

2. Economic Development & Job Creation
3. Sensitivity to Union Square (population, housing, existing small business)/Sensitivity to Place/Diversity
4. Transportation and Infrastructure

### **Buy/Hold**

Edward O' Donnell: Frit holds just about everything they own.

US2 tends to do a long-term hold but a good amount of residential and condos which means that they sell. Mesirow is a financial service company. In Portland, we asked the questions about a few of the sales and they said it was more opportunity sales. They decided to take that money and move on to something else. That was a similar answer to the Abbey Group's.

Susan: Is that a part of the agreement? Will they be required to hold the property for a certain number of years?

Ed O' Donnell: No

### **Financing**

Wig: Mesirow is a financial company, not a real estate company.

Eric: Those who understand financing should deliver their comments offline to the CAC. No further discussion on financing.

### **Union Labor**

Wig: Gerding Edlen is Union. FRIT does both. US2 has a good labor record and we are uncertain about the Abbey group.

### **Core Competency/Product Type/Experience/Sustainability**

Gerding Edlen works with sustainability in a holistic manner.

Scott: GE works in Portland and has a commonality with Somerville and has an emphasis on sustainability.

Wig: US2 builds housing and overwhelming high-rise housing with no office space or research and development. I looked at every single building on the US2 website and its 90% housing and GE does every product type you can think of. They built the largest R&D lab in Oregon with the medical school. They showed us 3 different office spaces. One was a historic adaptive re-use and the outside building was hardly changed. The key advertising firm moved into that space which is located in their Pearl District.

Philip: GE works in Portland, which has commonalities with Somerville, integrated sustainability, mixed use (R&D, office, residential), historic re-use and infill, civic space, up to 40% affordable housing

Rebecca: GE is good and we voted on them, but they have fewer specifics. Specifically about job creation or anything business related specifics. A question was raised to the CAC about Gerding Edlen's answers and what they will do in Union Square or by their track record. I'm

referring to the due diligence report and quote “of the finalists, GE was the least specific about intentions for preserving Union Square local and diverse business community” and “GE spoke little about the specifics of job creation.” I would be happy with either Gerding Edlen or US2 but questioned whether that indicates how GE will be down the road and they are the only team that didn’t commit to having a local ground design team here in Somerville. This is something for the group to keep in mind because they certainly have the cool hip factor but have no specifics.

Tim: Can you explain the University Place development by US2?

Wig Zamore: US2 has 2 non-high rise residential products. They are both like University Place and we saw one that is University Place. That was a joint venture with a local state university, which was important to the community. The university wanted to clean up the neighborhood. We saw good adaptive re-use, a fair amount of housing and small local retail.

Edward O’ Donnell: I purposefully sent that You Tube video around of the University Village project because I thought it was that impressive. The way they preserve the old buildings I thought was magnificent. I thought the imagination that they showed on the ‘soft second’ program was great and it’s an innovative way to get folks into their own home. The presentation that US2 gave us blew everyone else away. The energy level and ideas were fantastic. But I can say that we will require the developer to have a local presence.

Q: The question was raised whether the developers will be required to bring in a team to be placed here in Somerville.

Edward O’ Donnell: One of the requirements of the developers will be to have a face here 5 days a week with an email and phone number.

Kat: I don’t believe that US2 is planning on coming here and putting a 90-story high rise. A lot of the outreach they have been doing has been to better understand the community and understand out needs. We can’t judge the groups based on what they’ve done before and US2 has been putting a lot of work towards creating a Union Square specific vision.

It was understood within the CAC that FRIT focused on retail and streetscape that attracts residential and commercial tenants.

### **Support for Small / Local Business/ Commercial**

Rebecca: Reiterates what was written in the due diligence report, not having seen the physical space, but it was her perception that US2 was ahead on all the other groups especially Gerding Edlen on specific ideas to protect local businesses and job creation within commercial spaces. They had a 5-point approach to do so that includes: vibrant neighborhood, building creative spaces that offer incubators such as Workbar and Mass Challenge. They specifically would focus on the heart of Union Square and then only move to Boynton Yards.

Mike: Workbar has been talking to all of the developers because they want a space in Somerville. It's important to see each developer's packets that were provided because they are very comprehensive.

Rebecca: Reading the report, it sounds like the R&D spaces that GE provided were in conjunction with the medical school. Does GE have more experience in attracting private businesses or creating business spaces that were not specifically requested by the City?

Joe: What type of diversity was there? Is it the same as Somerville?

Edward O' Donnell: Somerville diversity is very unique. Gerding Edlen and US2 have a little bit of everything and it was nice to see people outside conversing or having lunch on the sidewalks. They have pedestrian friendly streetscape and infrastructure that enables more public interaction.

### **Job Creation**

Mimi: I'm worried on both of them not being strong on job creation. I thought US2 had a nice plan but it was more of an innovation 101 plan. It's one thing to have it in a book and it's another to understand the Union Square market. I worry about GE understanding the commercial development and making it work financially. It's one thing to build a drug treatment because the City asked them to which is awesome but it doesn't mean that they understand the financing aspect of commercial spaces when Union Square's commercial spaces are not maximized to their fullest potential now. US2 used a playbook from Innovation economy 101, but GE was non-specific about understanding commercial development and making it work financially.

Wig: GE's Pearl district was more challenging than Union Square. They have various commercial spaces within this district.

Wig: US2 did a good presentation on big pictures of the Greater Boston economy and did a fair amount of work on the ground in Somerville. Abbey had a much more detailed development plan, chose individual sectors to work with. For FRIT, we didn't get much in the presentations on job creation.

Philip: Except that they exceeded their hiring goals in Assembly and we should notice that.

Wig: They are bringing in Partners, which is non-taxable and one of the biggest private employers in the State. They are bringing in almost 4,500 jobs into Somerville.

Erik: The timing of their strategy to lead with retail, follow residential, and then commercial is the wrong fit for Union Square.

Philip: Portland is more similar in economics to Somerville, with fewer major employers and more focused on entrepreneurial, etc. They would be more used to Somerville than Chicago.

Philip: The Portland economy is different than Boston. It might be similar to Somerville and the familiarity to the entrepreneurial environment. They are the only company that had that kind of direct experience but based on their reports, they did not articulate their vision as well as Abbey or US2.

### **Diversity (people, small business, buildings, housing types and opportunities)**

There are a number of categories that are in line with diversity. Need to be able to not destroy what is on the ground but to bring in more vitality.

Scott: GE's value statement matches our values best, inclusive of sustainability. Also most impressed by GE with regards to their demonstrated experience developing mixed-use, infill, and historic re-adaptive rehab type properties that are very similar to Union Square. Impressed by their responsiveness to the community. They did not impose any vision on us with an exception of a list of values. They have a woman in a leadership position amongst the organization, which is critical. US2 demonstrates some of those attributes but in the end the actual demonstration or experience has been predominately residential in a very large market. US2's intentions, understanding, research, and capital offered to meet our needs are all impressive, so they are a strong second, but in the end they don't demonstrate their ability because they haven't done it. GE has proven that they will provide affordable housing.

Joe: Indicated he has a subscription to business journals from Portland, Chicago, and Boston. All four developers were represented which was quite remarkable. In Portland you see a lot of philanthropy from the Gerding family and participation. From Chicago you see a few big projects and that's it. From Boston you have to dig to find Abbey, but it's there. FRIT is mostly Somerville within the last couple of years. The strategic plan for US2 is a good plan but it is practically the history of Gerding Edlen. Joe would rather rely on a developers experience rather than their aspirations.

Wig: GE is "all in" in Portland and we would want them to be "all in" in Somerville. Their identity is not that different from Somerville, which is unusual to find in a developer. We want that type of dedication.

Mimi: I would feel more worried about GE's commitment if they weren't already in Boston. They have been tiptoeing and I believe it's their way of going "all in." They also seem to be able to engage at the appropriate scale. The US2 material is "luxury luxury luxury" which is appropriate to the type of work they have been required to do in Chicago but it is important that they think about the diversity. When you look at the DNA of GE, it is better understood that they appreciate a variety of different approaches.

Philip: Portland has 210 square foot blocks, in contrast to the loop in Chicago and being able to scale your thoughts appropriately is important.

Wig: Both of these out of town groups are committed to Somerville and really want it. They are coming from markets that are not that good and Boston is a better economy and developer environment.

Pat: We are favoring two out of town developers and we don't want to be too provincial on any Boston developers. Adding onto Philips comment, the documentary "Human Scale" portrays that the buildings can't be tall, it's that they have to be able to relate to humans, pedestrians, transportation and open space. It is true US2 makes a lot of noises about being in line with SomerVision but it is hard to go with what they're saying rather than what they've done. Chicago is primarily high rises and hard to relate to. You can have high density and yet feel very human and that is why Gerding Edlen stands out more.

Edward O' Donnell: It is a bit ironic that out of everything we saw, the best most dramatic largest green space we saw was in the area right around the 80-story buildings in the City of Chicago called Millennium Park. It was impressive how US2 approached the infrastructure issues they ran into and created financial solutions and brought money to the table.

Philip: US2 demonstrates an amazing passion for marketing and GE an amazing passion for execution. Then again, nobody has done anything quite like Union Square before so ideas are significant and important. US2 has their job plan online and reading through it, it is not a plan for here. It's just a plan and experience matters.

Scott: GE spoke about hooking up with the schools in the community. The integration of schools is important as Somerville has a close-knit partnership. Schools built into the environment are important to Somerville and connecting the progress of the square and the schools is forward thinking. A lot of folks can find money in the equity world, but it's harder to plan for a real future.

### **Transportation & Infrastructure**

Wig: Chicago and Portland are literally greener than anything we see here. Chicago has a lot of large-scale green and Mayor Daley has been a big advocate for parks and bringing people back into downtown. Lakeshore East in Chicago is the largest development in the country; original infrastructure estimate was over \$100m and they whittled it down to \$17M, but there was no rail component. We were way over that at Assembly Square and we had to be. In order to get assembly row new boulevards, sewers, roads, T station, stores, etc. we had to be over 100 million.

Ed O' Donnell: Parson-B currently estimates \$50M;

Wig: Most developers regardless of what scale do not do public infrastructure very well. At Assembly Square the Orange Line had to be brought to FRIT. Portland is all about sustainable transportation, bicycling, walking and trams. In the future, we'd love to get the GLX to Porter Square.

Philip: It's in Portland's DNA to create sustainable infrastructure and streetscape. They live and breathe transportation.

Wig: Chicago does the same. They are very innovative with transportation as well.

Susan: Who is responsible for getting the infrastructure done – the developer or the City? What are the roles?

Ed: We have asked in the RFQ to spend their some of their own money; FRIT did the infrastructure in Assembly although there was a lot of money applied for. It is not fully determined who is responsible for which aspect. It is the City's responsibility to make sure the infrastructure is being built.

Wig: Generally there is always a promise that there will be a public-private partnership with private funding but in the end it's almost always public funding.

Susan: Which of our four developers have the most experience?

Wig: They all have good experience.

Edward O' Donnell: Frit's experience here can speak for itself. You can't develop projects of this scale that these folks have done without doing at least part of the infrastructure work.

Wig: GE has more experience with granular, sustainable transportation, bikes, etc. Abbey has a lot of experience in the Fenway. US2 site is right on the Chicago River.

Joe: My concern derives from the Davis square accident. How do we avoid that type of problem in Union Square?

Edward O' Donnell: Developers typically do an infrastructure, streetscape, and traffic study to be able to address those types of issues.

Philip: The idea of experience with dealing with those issues in a really refined community such as Portland is valuable but the Chicago experience is valuable as well. Everyone in Portland is obsessed with sustainability and Chicago is more interested in building because it's a different culture and different history.

Tim Talun, Union Square Neighbors (Public Comment): One of the members of the Gerding Edlen's teams is Utile who created Boston Complete Streets guide in Boston. That is experience to recognize.

Mimi: That really highlights the difference of GE and US2 and it depends on the state and cities they are in rather than the developers themselves. Portland has been a leader in sustainability for almost 20 years. It has been a benchmark for the rest of the country.

Scott: Based on who has demonstrated experience, GE has experience with Net Zero building. This indicates their understanding and expertise in utilities, infrastructure and energy. A net zero building can't be done without understanding these aspects of



experience. It is a critical component to notate. LEED construction with the status quo is always about how expensive it will be but when you sit down with someone who knows it and understand it, the cost is always less of a leading issue and better managed.

## 5. Decision

Scott: The SRA would like a clear vision from us and if there is a consensus, they should know that.

Edward O' Donnell: On behalf of the OSPCD, staff will be writing a staff report with their decision based on the pros and cons for each of the developers and the points raised at the CAC meetings. It is clear that there are 2 developers that have risen to the top and OSPCD will give SRA the flexibility in choosing the Master Developer. OSPCD will not be ranking the developers. That document will be shared.

Scott: Are you intending to send that to the SRA?

Edward O' Donnell: Yes, they will have it the same time as the CAC submits theirs.

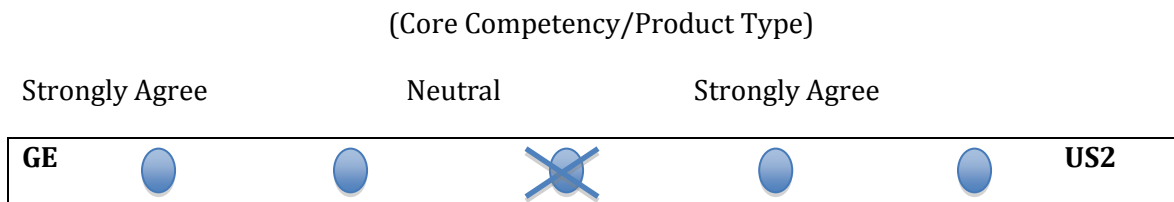
Mike: Requested that the report needs to be explicit while being diplomatic. To make sure the decisions of the CAC are clear, especially about FRIT and Abbey group.

Gordon: Suggested to put GE and US2 on a matrix and you can do a 1 to 5 range of who is stronger in each category.

The CAC was requested to fill out a spectrum matrix to have a better understanding of which developer they favored in each category. The categories were:

1. Core Competency/Product Type
2. Economic Development & Job Creation
3. Diversity & Local & Cultural Values
4. Transportation & Infrastructure

*Example:*



The survey's were collected and handed to CAC co-chair, Wig Zamore, to aggregate the results for the SRA report. The CAC indicated that Gerding Edlen and US2 are not mutually exclusive. They would like to move this process positively forward. The CAC members voted by a raise of hands for GE and US2 and the outcome were GE -12 and US2-2.

The CAC expressed a strong and clear preference for Gerding Edlen and US2 over FRIT and The Abbey Group, for the reasons documented in this report. Between Gerding Edlen and US2, the CAC expressed a strong preference numerically, by way of first-choice votes, for Gerding Edlen (12-2). This simple show-of-hands vote was confirmed by way of a matrix prepared by each member of the CAC on preferences between US2 and Gerding Edlen across four specific criteria.

It should be noted, however, that although Gerding Edlen is clearly preferred to US2 by way of first-choice vote tabulation, most members of the CAC concurred that the sentiment between the two is closer than the vote count indicates.

The CAC also wishes to state that it looks forward to working constructively with the chosen Master Developer, regardless of which is selected.

**6. Process moving forward**

- a. Wig will provide a report to the SRA on behalf of the CAC members. Send to CAC for review.
- b. SRA will make a decision on the final developer.
- c. CAC will re-convene when the developer is chosen. The developer will begin with the design of the Green Line station parcel first.
- d. Potential creation of a CAC website - Gordon

**7. Public Comment Period:**

- a. None

**8. Meeting adjourned: 8:30p.m.**